

IN THE SENATE OF THE UNITED STATES.

JANUARY 19, 1858.—Ordered to be printed.

Mr. CLAY made the following

REPORT.

[To accompany Bill S. 10.]

The Committee on Commerce, to whom was referred "a bill repealing all laws, or parts of laws, allowing bounties to vessels employed in the Bank or other cod fisheries," and a "resolution of the legislature of the State of Maine in relation to the bounty on cod fisheries," report:

That, after a careful and elaborate examination of the whole subject of fishing bounties and allowances, the committee has been irresistibly led to the conclusion that they originated in the fallacious, but now almost universally exploded, theory of refunding to the manufacturer, on establishing the fact of re-exportation, the amount of duties paid on the raw material entering into the product of his industry and skill. That this view of the origin and object of these gratuities, whether granted in the shape of drawbacks, allowances, or bounties, according to the phraseology of the law authorizing them, has not only been adopted by the different committees of Congress to whom the subject has at different times been referred, but has been demonstrated in their reports by an array of facts and reasonings, and a recapitulation of the acts bearing upon it, that can scarcely be resisted by any disinterested and unbiassed mind; that the report made to this body April 10, 1840, (Sen. Doc. No. 113, 29th Cong., 1st sess.) by Hon. T. H. Benton, covers the whole subject and its history from the commencement of the federal government to the date of said report, and leaves nothing for your committee to add further than to state that the subsequent and current history of our cod fisheries illustrates the arguments and strengthens the conclusions of that masterly report, and shows that the bounties, (in the language of the Secretary of the Treasury in January, 1857,) "instead of furnishing encouragement for seamen, mainly encourage the commission of multiplied perjuries, and tend to the demoralization of a large class of the community."

Whatever diversity of opinion may exist as to the origin and object of these bounties, the committee can find no good and sufficient reason for continuing them.

The cod fisheries do not need the bounty, as is shown by an appended tabular statement of the capital invested, tonnage and men employed, and value of fish taken, &c., &c., compiled from official returns of the industry of Massachusetts for the year ending June 1, 1855, to which the committee add the per centum of gross proceeds. (A.)

If they do need it, it is inexpedient to grant it, because the mackerel, whale, and other fisheries, our merchant and military marine, certainly afford ample means for training seamen without the aid of bounty. And, if both expedient and necessary to sustain the cod fisheries, it is unjust and unconstitutional to levy contributions on all other kinds of labor for their support.

In elucidation of the origin, objects and effects of the fishing bounties, the committee append a tabular statement of the vessels, tonnage, crews and bounties of the fisheries, and of the salt duties, (B;) a synopsis of all the laws granting the drawbacks, allowances or bounty, (C,) and the letters of the present and former Secretary of the Treasury. (D, E.)

In conclusion, the committee recommend an amendment of the bill by filling the blanks so as to make it take effect on the last day of December, 1859, and that the bill be passed.

A.

Synopsis of vessels and tonnage, men employed, capital invested, fish taken, and gross proceeds of cod and mackerel fisheries of Massachusetts, (extracted from Industry of Massachusetts,) for the year ending June 1, 1855.

Names of ports.	Page of book.	Number of vessels employed.	Tonnage.	Number of men employed.	Amount of capital invested.	Value of mackerel.	Value of cod.	Value of oil.	Aggregate value.	Per ct. of gross earnings on capital.
Barnstable	2	17	1,300	160	\$38,500	\$4,400	\$29,000		\$33,400	87
Brewster	3	3	210	30	4,000	10,000		\$50	10,050	2.50
Chatham	5	27	1,880	230	30,000	24,000	45,000		69,000	2.30
Dennis	16	48	2,130	500	96,000	77,252	42,000		119,252	1.24
Earham	7	3	168	30	6,000	7,500	800		8,300	1.38
Hanride	10	28	2,040	280	86,000	45,600	17,400		63,000	73
Provincetown	13	97	8,495	873	388,000	60,000	246,875	400	307,275	80
Wellfleet	17	80	5,935	824	220,175	129,000	27,716		156,716	71
Yarmouth	18	15	1,035	170	33,681	9,082	9,350		18,432	55
Beverley	116	48	3,680	384	152,000	1,500	108,600	50	110,150	72
Gloucester	126	282	19,374	2,820	989,250	388,809	293,850	1,020	683,679	70
Manchester	144	10	549	71	16,400		16,325		16,325	99
Marblehead	145	45	3,805	280	138,050		163,764	7,217	170,981	1.24
Nahant	149	4	150	30	4,000	4,000	6,000	300	10,300	2.58
Newburyport	153	56	3,857	665	138,000	86,000	30,000	9,000	125,000	91
Rockport	157	65	1,895	357	46,250	33,182	53,000	7,392	93,574	2.02
Swampscot	167	39	1,000	226	689,150	50,000	196,560	5,300	251,860	37
Duxbury	417	11	447	64	11,800	14,960	6,811		21,771	18
Hingham	426	20	1,495	264	59,785	44,364	4,500		48,864	82
Kingston	430	10	1,049	86	40,000		22,700		22,700	57
Plymouth	441	53	3,778	412	195,000		90,606	5,300	95,906	49
Boston	458	89	7,100	1,000	260,000	287,000		30,000	317,000	1.21
Total		1,050	71,372	9,756	3,638,041	1,276,649	1,410,857	66,029	2,753,535	*

* Average nearly 76 per cent.

NOTE.—These proceeds do not include the bounty, or, it seems, the value of the fish sold fresh, which is not reported except at Rockport, where it amounted to \$15,750. The same report gives 473,743 bushels of salt used in the fisheries, the duty on which, at 2½ cents, would have been \$11,843 57 less than one-third of one per cent. on capital invested.

B.

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Condensed statement exhibiting the number of vessels, men, and tonnage employed in the whale, cod, and mackerel fisheries; allowances paid to fishing vessels; bounty on salted provisions and pickled fish; and duties on salt consumed annually from the commencement of the government to the 30th of June, 1857; with the number and cost of maintenance of revenue cutters stationed at the fishing districts during the last eight years.

Years.	Whale fishery.			Cod fishery.			Mackerel fishery.			Allowances paid to fishing vessels.	Bounty on salted provisions and pickled fish.	Duties on salt consumed.	No. of vessels.	Cost of maintenance.
	No. of vessels.	Tonnage.	Crew, men.	No. of vessels.	Tonnage.	Crew, men.	No. of vessels.	Tonnage.	Crew, men.					
	<i>Estimated.</i>		<i>Estimated.</i>	<i>Estimated.</i>		<i>Estimated.</i>	<i>Estimated.</i>		<i>Estimated.</i>					
1791	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	\$29,683	.....	.....	.....
1792	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	44,772	.....	.....	.....
1793	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	16,731	.....	.....	.....
1794	.....	.....	.....	.....	.....	.....	.....	.....	.....	\$72,988	93,765	.....	.....	.....
1795	.....	.....	.....	.....	.....	.....	.....	.....	.....	93,765	13,767	.....	.....	.....
1796	.....	.....	.....	.....	.....	.....	.....	.....	.....	66,282	14,855	.....	.....	.....
1797	.....	.....	.....	.....	.....	.....	.....	.....	.....	76,889	16,999	.....	.....	.....
1798	.....	.....	.....	.....	.....	.....	.....	.....	.....	80,475	12,399	.....	.....	.....
1799	.....	.....	.....	.....	.....	.....	.....	.....	.....	94,688	19,220	.....	.....	.....
1800	.....	.....	.....	.....	.....	.....	.....	.....	.....	128,607	20,769	.....	.....	.....
1801	.....	.....	.....	.....	.....	.....	.....	.....	.....	87,855	18,325	.....	.....	.....
1802	.....	.....	.....	.....	.....	.....	.....	.....	.....	74,520	28,586	\$576,361	.....	.....
1803	.....	.....	.....	.....	.....	.....	.....	.....	.....	104,448	29,701	648,847	.....	.....
1804	.....	.....	.....	.....	.....	.....	.....	.....	.....	117,173	34,790	552,130	.....	.....
1805	.....	.....	.....	.....	.....	.....	.....	.....	.....	145,988	46,923	487,848	.....	.....
1806	.....	.....	.....	.....	.....	.....	.....	.....	.....	152,927	37,746	563,291	.....	.....
1807	.....	.....	.....	.....	.....	.....	.....	.....	.....	162,190	37,134	686,820	.....	.....
1808	.....	.....	.....	.....	.....	.....	.....	.....	.....	161,253	27,414	515,920	.....	.....
1809	.....	.....	.....	.....	.....	.....	.....	.....	.....	143,716	17,241	.....	.....	.....
1810	.....	.....	.....	.....	.....	.....	.....	.....	.....	47,165	2,424	.....	.....	.....
1811	.....	.....	.....	.....	.....	.....	.....	.....	.....	3,406	508	.....	.....	.....
1812	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	784	.....	.....	.....
1813	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1814	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	75,822	.....	.....
1815	4	1,230	98	530	26,510	3,711	.....	.....	.....	1,811	.....	853,637	.....	.....
1816	4	1,168	93	757	37,879	5,303	.....	.....	.....	84,735	584	984,694	.....	.....
1817	17	5,224	317	1,078	53,990	7,558	.....	.....	.....	119,915	4,427	461,812	.....	.....
1818	55	16,549	1,323	1,170	58,552	8,190	.....	.....	.....	148,918	5,672	550,479	.....	.....
1819	108	32,387	2,590	1,300	65,045	9,105	.....	.....	.....	161,632	5,477	595,172	.....	.....
1820	121	36,444	2,915	1,216	60,843	8,517	.....	.....	.....	197,833	11,169	803,914	.....	.....
1821	93	28,005	2,320	1,036	51,351	7,189	.....	.....	.....	170,054	11,108	624,369	.....	.....

1822	160	48,083	3,846	1,168	58,405	8,176	.....	.....	.....	149,897	10,158	707,665	.....	.....
1823	135	40,504	3,240	1,340	67,041	9,385	.....	.....	.....	176,711	10,939	889,948	.....	.....
1824	111	33,346	2,667	1,364	68,239	9,552	.....	.....	.....	197,179	10,082	618,410	.....	.....
1825	118	35,379	2,630	1,412	70,626	9,886	.....	.....	.....	198,728	10,561	707,475	.....	.....
1826	140	41,984	3,358	1,270	63,535	8,894	.....	.....	.....	215,860	13,640	620,923	.....	.....
1827	153	45,992	3,679	1,474	73,710	10,318	.....	.....	.....	206,185	8,879	851,031	.....	.....
1828	188	56,621	4,529	1,498	74,946	10,491	.....	.....	.....	239,147	9,026	785,030	.....	.....
1829	191	57,284	4,583	1,956	97,889	13,704	.....	.....	.....	261,071	9,008	1,180,231	.....	.....
1830	132	39,705	3,176	1,160	58,411	8,125	599	35,973	4,772	197,641	9,073	1,054,436	.....	.....
1831	276	82,798	6,623	1,144	57,239	8,012	770	46,211	6,160	199,631	13,400	825,330	.....	.....
1832	244	73,246	5,659	1,034	51,725	7,240	790	47,428	6,320	219,747	14,392	1,002,395	.....	.....
1833	339	101,637	8,130	1,170	58,569	8,198	812	48,725	6,496	245,183	13,284	677,810	.....	.....
1834	361	108,423	8,673	1,049	52,473	7,345	1,018	61,082	8,144	218,220	10,852	555,404	.....	.....
1835	361	108,423	8,673	1,049	52,473	7,345	1,018	61,082	8,144	223,787	9,537	487,532	.....	.....
1836	487	146,254	11,700	1,168	58,413	8,177	774	46,424	6,192	213,090	6,732	433,479	.....	.....
1837	423	127,137	10,170	1,511	75,055	10,507	780	46,811	6,240	250,180	7,360	538,202	.....	.....
1838	416	124,856	9,988	1,279	63,974	8,955	944	56,649	7,552	314,150	5,474	555,349	.....	.....
1839	440	132,194	10,571	1,305	95,268	9,136	599	35,984	4,792	319,855	4,744	473,672	.....	.....
1840	456	136,927	10,954	1,358	67,926	9,508	471	28,969	3,758	301,631	4,954	569,384	.....	.....
1841	525	157,405	12,592	1,211	60,656	8,477	188	11,321	1,504	355,141	4,760	468,907	.....	.....
1842	506	151,990	11,159	988	49,940	6,991	268	16,097	2,144	235,613	5,629	388,965	.....	.....
1843	508	152,517	12,201	1,098	54,901	7,686	196	11,776	1,568	169,934	3,315	433,403	.....	.....
1844	562	168,614	13,488	1,562	78,179	10,943	269	16,171	2,152	249,075	6,664	654,881	.....	.....
1845	636	190,903	15,272	1,396	69,826	9,774	357	21,413	2,856	289,839	4,174	678,069	.....	.....
1846	625	187,420	14,993	1,450	72,516	10,151	608	36,463	4,864	274,944	5,541	509,244	.....	.....
1847	646	193,859	15,508	1,402	70,178	9,823	524	31,451	4,192	276,427	6,488	292,892	.....	.....
1848	645	192,613	15,408	1,653	82,652	11,571	726	43,559	5,808	243,434	748	205,531	.....	.....
1849	600	180,187	14,415	1,477	73,882	10,342	716	42,942	5,728	287,604	68	284,906	.....	.....
1850	487	146,017	11,608	1,712	85,646	11,990	968	58,112	7,744	286,796	.....	245,503	.....	.....
1851	605	181,645	14,531	1,749	87,476	12,245	842	50,539	6,736	328,267	.....	205,060	4	16,969
1852	646	193,798	15,502	2,053	102,659	14,371	1,209	72,546	9,672	304,569	.....	220,478	4	30,969
1853	644	193,203	15,456	1,989	99,990	13,997	997	59,850	7,976	323,199	.....	928,315	4	23,423
1854	606	181,901	14,552	2,043	102,194	14,306	584	35,041	4,672	374,286	.....	328,195	4	34,434
1855	623	186,848	14,947	2,058	102,928	14,408	360	21,625	2,850	316,196	.....	338,517	4	49,085
1856	631	189,461	15,156	1,916	95,816	13,413	493	29,886	3,984	134,659	.....	390,856	4	39,106
1857	816	195,772	19,584	1,935	104,573	13,545	525	28,328	4,200	601,453	.....	398,273	4	54,179
15,844		4,705,952	379,077	59,498	2,983,629	416,561	18,410	1,101,758	147,250	12,128,532	p 728,756	28,696,847	.....	269,088

* Stationed at Passamaquoddy, Portland, Boston, and New London.

p 1791 to 1811, inclusive, bounty on salted provisions and pickled fish—total

1816 to 1849, inclusive, bounty on pickled fish only

\$470,771
257,985

728,756

Statement of the amount of allowances paid to each State.

Maine.....	\$3,762,500
New Hampshire.....	552,693
Massachusetts.....	7,532,798
Connecticut.....	182,853
Rhode Island.....	78,890
New York.....	18,319
Virginia.....	479
Total.....	12,128,532

Statement exhibiting the rate of duty on salt consumed in the United States for the following years :

Nine months to June 30, 1843.....	8 per cent. per bushel.....	Specific.
Year ending June 30, 1844.....	8.....do.....	Do.
1845.....	8.....do.....	Do.
1846.....	8.....do.....	Do.
Five months to Nov. 30, 1846, 1847.....	8.....do.....	Do.
Seven months to June 30, 1847.....	2.59.....do.....	Ad valorem.
1848.....	2.30.....do.....	Do.
1849.....	2.46.....do.....	Do.
1850.....	2.19.....do.....	Do.
1851.....	2.40.....do.....	Do.
1852.....	2.18.....do.....	Do.
1853.....	2.07.....do.....	Do.
1854.....	2.55.....do.....	Do.
1855.....	2.63.....do.....	Do.
1856.....	2.55.....do.....	Do.
1857.....	2.33.....do.....	Do.

Number of vessels, men, and tonnage in the cod fisheries, 1858.

States.	Vessels.	Tonnage.	Crew.
Rhode Island.....	1	76	7
New Hampshire.....	25	1,243	175
Connecticut.....	134	6,717	938
Massachusetts.....	972	48,549	6,804
Maine.....	953	47,989	6,692
Total.....	2,088	104,574	14,616

NOTE.—The returns of tonnage in the mackerel fisheries were not required to be made separate from the cod fishery prior to 1830.

TREASURY DEPARTMENT,
Register's Office, January 16, 1858.

F. BIGGER, Register.

C.

Brief synopsis of laws relating to fishing bounties.

The act of Congress of 4th July, 1789, the first laying a duty on goods, wares, and merchandise imported into the United States imposed on salt the duty of six cents per bushel. The fourth section gave a bounty of five cents for every quintal of dried fish, every barrel of pickled fish, and salt provisions exported to foreign countries, in lieu of drawback of the duties on the importation of the salt employed and expended therein. Limited to seven years.

The act of 10th August, 1790, raised the duty to twelve cents per bushel, and the bounty in lieu of drawback to ten cents per quintal or barrel. To continue till the debts of the United States were paid.

The act of 16th February, 1792, referring to the existing bounty on the export of dried fish, gave, "*in lieu of drawback of duties on the salt used in preserving the same,*" a bounty on the tonnage of vessels employed in the Bank and other cod fisheries, during the season specified, under certain conditions.

This bounty was on vessels between five and twenty tons, \$1 per ton; between twenty and thirty tons, \$1 50; and above thirty tons, \$2 50; provided that no vessel shall be allowed more than \$170.

By the second section of the act of 2d May, 1792, the impost duty on salt was increased, by requiring each *fifty-six pounds* to be reckoned as a bushel. The solar salt, used in the fisheries, usually weighed from seventy to eighty pounds per measured bushel. To correspond with this enhancement of duty, the sixth section of the act added 20 per cent. to the fishing bounty. Limited to two years.

The act of 8th July, 1797, increased the duty on salt to 20 cents per bushel, and added 33 $\frac{1}{3}$ per cent. to the fishing bounty. This increased duty on salt and bounty on fishing vessels were originally limited to two years, and to the end of the next session of Congress.

By act of 7th May, 1800, the duty and bounty were extended for ten years, with a proviso that the bounties should cease with the duties. The act of 3d March, 1807, repeals all laws imposing duty on imported salt, and repeals all bounties and drawbacks on fish and provisions. The act of 28th June, 1809, authorizes accounting officers to allow to collectors all payments made by them for fishing bounties to 31st December, 1807.

The 1st section of act of 29th July, 1813, imposed a duty of 20 cents per bushel on salt.

2d section provides bounty of 20 cents per pound on pickled fish exported.

5th section gives bounties on tonnage of vessels employed in Bank and other cod fisheries, under similar provisions as those of act of 1792, as follows:

On vessels from	5 to 20 tons	.....	\$1 60 per ton.
"	" 20 to 30 "	.....	2 40 "
"	above 30 "	.....	4 00 "

Provided, that no vessel be allowed more than \$272. By its terms this act was to remain in force only during the existing war with Great Britain. The act of 9th February, 1816, continued act of 1813 in force indefinitely.

Act of 3d March, 1819, increased fishing bounties as follows:

On vessels from	5 to 30 tons	.....	\$3 50 per ton,
"	above 30 "	.....	4 00 "

And where the crew was ten men or more, \$3 50 per ton for season of three and a half months, provided that no allowance shall exceed \$360.

This was the first act where fishing bounty did not expressly depend on the duty on salt, by its terms.

D.

TREASURY DEPARTMENT,
January 6, 1858.

SIR: I have the honor to acknowledge your letter of the 5th instant, enclosing a bill repealing all laws or parts of laws allowing bounties to vessels employed in the Bank or other cod fisheries, and a resolution of the legislature of the State of Maine in relation to the bounty on cod fisheries. You request any information in this department concerning the measure, and also my own views respecting the same.

Allow me to refer you to a letter dated the 2d of January last, addressed to you by my predecessor, which embraces the results of an examination made here, and to the report of an agent appointed to examine into this subject in the districts where this fishery is carried on, appended to the annual report of my predecessor of 6th December, 1853, for the information you request.

It would seem that the grounds upon which the fishing bounty was given by law have ceased to exist. The amounts annually paid out of the treasury on account of this bounty now exceed the entire sums received for duties on salt imported and consumed for all purposes whatever.

In his report, before referred to, my predecessor recommended that the fishing bounty be repealed, and I concur in that recommendation.

The papers enclosed with your letter are herewith returned.

Very respectfully, your obedient servant,

HOWELL COBB,
*Secretary of the Treasury.*Hon. C. C. CLAY, Jr.,
Chairman Committee on Commerce, Senate U. S.

E.

TREASURY DEPARTMENT,
January 2, 1858.

SIR: Agreeably to your request, I herewith enclose a synopsis of the legislation on the subject of bounty to vessels engaged in the cod fishery.

It is apparent, from the slightest glance at these provisions, that they were not intended to foster that pursuit, but simply to relieve that fishery from the burden imposed on it by the salt duty. In 1792, when this system commenced, all the salt used in this country was imported, and was subject to duty. Vast quantities of this salt were then employed in curing codfish to be dried for exportation. It was a leading pursuit on the eastern Atlantic coast, and furnished the country with one of its principal staples for foreign commerce. The guards required by the drawback laws would subject the cod fishery to impracticable details to enable it to reclaim the duty on the salt ne-

cessarily consumed. The only just and effectual mode which could be devised for indemnifying the fishery against this burden of duty was to give a bounty on the tonnage employed, graduated according to the quantity of salt consumed by each class of vessels.

The only feature in the bounty laws which can be regarded as intended to afford the slightest encouragement to the cod fishery is that which provides that no bounty shall be allowed to any vessel unless the crew are compensated according to the quantity of fish caught by each man. This provision was not, probably, intended as an encouragement to the fishery, but to promote rivalry and enterprise among the crew; that the mere fact that the vessel had a crew on board should not be sufficient, unless they diligently followed the fishery, which this condition was well calculated to effect.

It will be seen that the original bounty law of 1792 was repealed with the salt duty in 1807. When the duty on salt was reimposed in 1813, in consequence of the then existing war, the former bounty laws were re-enacted with similar conditions.

When the bounties were increased to their present rate per ton on fishing vessels, by act of 3d March, 1819, the duty on salt, under the act of 27th April, 1816, was 20 cents for every 56 pounds.

The present duty, under the act of 1846, is 20 per cent ad valorem, which, on the importation of 15,405,864 bushels last year, valued at \$1,991,065 by the custom-house books, makes the duty within a fraction of 2.57 cents per bushel.

It is to be understood that since 1792, the date of the original law, a revolution has occurred in the mode and object of the fisheries. There was then no mackerel fishery; it is now more extensive and important than the cod fishery. Many of the vessels under cod fishing licences are employed in catching fish, not for dry-curing under the bounty laws, but for sale in a fresh condition, being preserved in ice for consumption in that state in the cities, as well as throughout the interior of the country, to which it is carried by means of the railroads. The great change which has taken place of late years in the manner and purpose of the fisheries, has led, not to the encouragement of the cod fishery under the bounty laws, but to the commission of perjuries for the purpose of obtaining bounty under those laws. Hundreds of vessels, on board of which no fish were caught for dry-curing, which is essential to entitle them to bounty, have claimed and been allowed upon false statements, as has been subsequently made apparent.

Representations of this abuse being made to this department, the existing laws and regulations were brought together into the circular of February 20, 1852, which was sent to the collectors for strict enforcement.

Immediately on the promulgation of this circular, a committee from the fishing interest at Gloucester, Massachusetts, one of the principal fishing districts of the country, appeared here, and represented that, should this circular be rigidly enforced, no bounties could be paid.

Among other objections to its provisions, they stated that the mode of carrying on the fisheries had essentially changed; that few or none of the fishermen at the present time were in fact compensated in the

mode required. It was also represented that in former times, when codfish alone possessed commercial value, all other fish which might happen to be caught were thrown overboard; but now, when halibut, and other fish caught on the same grounds with cod, are taken, they cannot be thrown away, as some of them are more valuable in the markets than cod, and it was a great hardship to refuse bounty to vessels which might happen to take such fish and to preserve them fresh for sale. This department was appealed to for relief. The records of 1851 and 1852 contain an extensive correspondence with collectors, urging such relaxation as might enable them to pay bounties to such vessels.

Having no power to repeal the conditions annexed by law to the allowance of bounties, this could not be done; but it appears that the bounties were claimed and paid upon formal proofs duly made up as required by the circular.

Many of the vessels to which bounties are paid upon proofs prepared in conformity with the regulations, beyond all doubt, are manned by crews compensated in a different mode from that required by law; and probably the fishery pursued is not exclusively for codfish for the purpose of dry-curing, as contemplated by all the provisions of the bounty laws. Under this state of things, an important question of expediency, as well as of morality, arises, since these laws, instead of furnishing encouragement for seamen, mainly encourage the commission of multiplied perjuries, and tend to the demoralization of a large class of the community.

Several indictments for perjury committed in making up these proofs have been tried within two or three years, which have generally resulted in acquittal, it being found in some sections of the country difficult, if not impossible, to convict for perjury on false custom-house oaths. Further facts and considerations on this subject may be found in my annual report on the finances of 6th December, 1853, and in the report of J. Ross Browne, esq., accompanying the same, to which I beg leave to respectfully refer you.

Very respectfully, your obedient servant,

JAMES GUTHRIE,
Secretary of the Treasury.

Hon. C. C. CLAY, Jr.,
Senate of the United States.